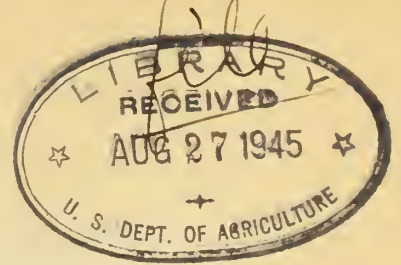


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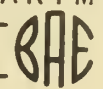
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Livestock SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

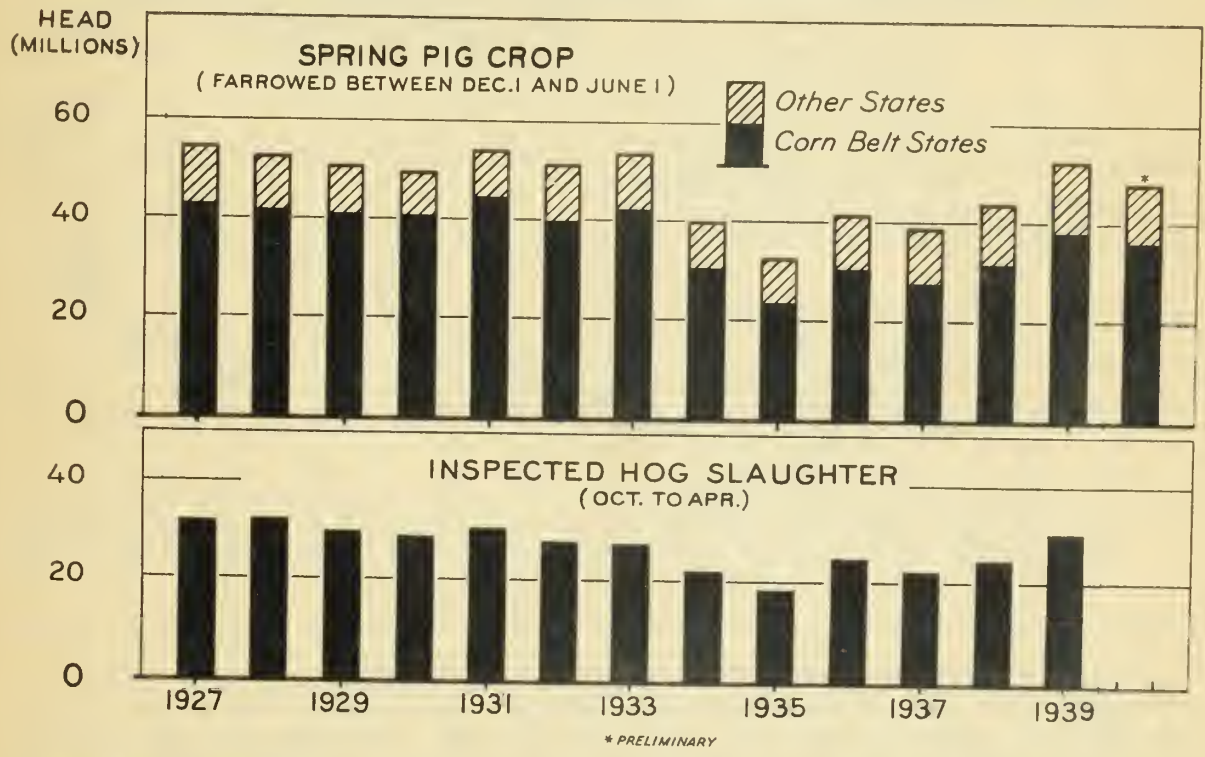
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JULY 1940

1940-41 HOG OUTLOOK IN THIS ISSUE

SPRING PIG CROP, AND FEDERALLY INSPECTED HOG SLAUGHTER DURING FOLLOWING OCT.-APR., UNITED STATES, 1927-40



U. S. DEPARTMENT OF AGRICULTURE

NEG. 31411-A

BUREAU OF AGRICULTURAL ECONOMICS

THE 1940 SPRING PIG CROP WAS ABOUT 8 PERCENT SMALLER THAN THE LARGE SPRING PIG CROP OF 1939. THE DECREASE IN THE SPRING PIG CROP THIS YEAR OVER LAST WILL BE REFLECTED IN A SUBSTANTIAL DECREASE IN SLAUGHTER SUPPLIES OF HOGS IN THE FIRST 7 MONTHS OF THE 1940-41 HOG-MARKETING YEAR, WHICH BEGINS OCTOBER 1.

AVERAGE PRICE OF HOGS AT CHICAGO, FEDERALLY INSPECTED SLAUGHTER OF HOGS, AND INCOME OF INDUSTRIAL WORKERS, UNITED STATES, 1929-40

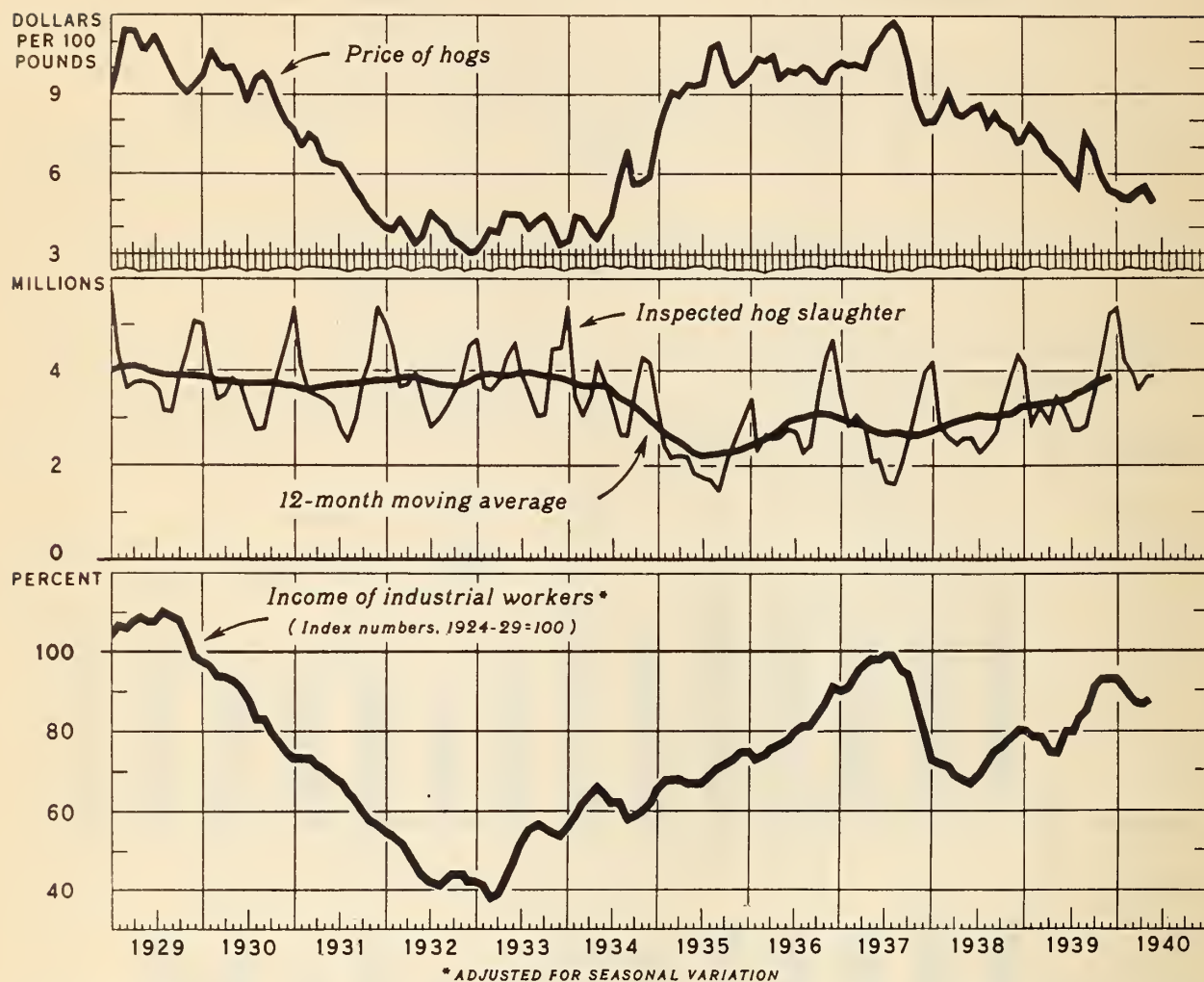


FIGURE 1.- THE LEVEL OF HOG PRICES DURING MOST OF THE 1939-40 HOG-MARKETING YEAR HAS BEEN LOWER THAN IN ANY OTHER YEAR SINCE 1934. CONSUMERS' INCOMES HAVE AVERAGED HIGHER THAN IN 1934 BUT FOREIGN MARKETS FOR PORK AND LARD HAVE BEEN CURTAILED. HOG MARKETINGS HAVE BEEN MUCH LARGER THIS YEAR THAN LAST AND THE TOTAL SUPPLY OF HOG PRODUCTS AVAILABLE FOR DOMESTIC CONSUMPTION HAS BEEN OF RECORD PROPORTIONS.

THE LIVESTOCK SITUATION

Summary

The decrease in the 1940 spring pig crop and the prospective decrease in the 1940 fall pig crop indicate that slaughter supplies of hogs in the 1940-41 hog-marketing year, which begins October 1, will be substantially smaller than in the current marketing year. Inspected hog slaughter in 1940-41 probably will be around 10 percent smaller than the slaughter of about 48 million head this year.

Although there is little prospect for improvement in the export demand for hog products, present indications are that domestic consumer demand for pork and lard will be well maintained in 1940-41. This, together with a substantial decrease in slaughter supplies, should result in hog prices averaging materially higher in the 1940-41 marketing year than in 1939-40.

The 1940 spring pig crop was estimated to be about 48.0 million head, a decrease of 4.3 million or 8 percent from the 1939 spring crop. Decreases from a year earlier were reported in all regions, with the largest percentage reduction in the South. On the basis of breeding intentions reported by farmers on about June 1 and other indications, it is estimated that the number of sows to farrow this fall will be about 12 percent smaller than in the fall season of 1939. This indicates a fall pig crop of around 27.8 million head compared with 32.0 million head in the fall of 1939. The combined spring and fall pig crops of 1940 are expected to total about 75.8 million head compared with the 1939 crop of 84.3 million head. This is a decrease of 8.5 million head, or 10 percent.

Slaughter supplies of cattle are expected to increase seasonally throughout the remainder of this summer and in early fall. Marketings of grain-fed cattle may not be so large during July and August as they were a year earlier, and unless serious drought conditions should develop, marketings of other cattle also may be smaller than a year earlier during the remainder of the year. In the last half of 1940 slaughter supplies of all cattle are expected to be a little smaller than in the corresponding period of 1939. It also is expected that cattle prices will be supported by stronger consumer demand for meats during this period than a year earlier.

Slaughter supplies of sheep and lambs during the remainder of the grass-lamb marketing season (to December 1) probably will be a little larger than a year earlier when dry weather and poor pasture and range conditions resulted in the marketing in only feeder condition of a larger than usual proportion of the lamb crop. The lamb crop developed favorably in most areas of the Range States this spring. Although dry weather was reported over a considerable portion of the Western Sheep States during June, pasture and range conditions in early July were still reasonably good over much of the area. Because of unfavorable spring weather, lambs in the Native Sheep States developed slowly, and the proportion of Native lambs marketed after July 1 will be larger than usual this year.

Total marketings of livestock decreased somewhat in June but continued substantially larger than a year earlier because of larger marketings of hogs. Inspected cattle slaughter decreased about 7 percent in June and was about 5 percent smaller than a year earlier. Slaughter of sheep and lambs decreased about 3 percent under a month earlier, and also was a little smaller than in June last year. The summer peak in hog marketings apparently

was reached in early June. Slaughter for the entire month was a little smaller than in May but was 22 percent larger than a year earlier.

Prices of hogs and slaughter steers advanced sharply in late June and early July. For the week ended July 13 hog prices were the highest since early November and steer prices were about as high as the peak reached last September. Prices of lambs declined seasonally during June and early July but remained substantially above those of a year earlier. Feeder cattle prices declined sharply during May and June, and now are not so high in relation to prices of slaughter cattle as they were a few months earlier.

-- July 18, 1940

REVIEW OF RECENT DEVELOPMENTS

HOGS

Hog prices advanced sharply in late June and early July

After declining steadily for a period of about 8 weeks, hog prices advanced sharply in the last week of June and in early July. From April 24 to June 20 the top price for hogs at Chicago declined from \$6.65 to \$5.20, but by July 6 the top had again risen to \$6.65, and on July 8 a peak of \$7.00 was reached. Hog prices weakened a little during the second week of July but for the week ended July 13 the average price of butcher hogs at Chicago was \$6.55, compared with \$5.10 a month earlier and \$6.70 in the corresponding week of 1939. This is the highest hog prices have been since early November.

The recent advance in hog prices reflected chiefly a seasonal decrease in slaughter supplies, some improvement in domestic consumer demand for meats, relatively large British purchases of lard during June, and the prospects for a decrease in hog slaughter next year.

Corn prices have remained fairly steady in recent weeks, and the rise in hog prices has resulted in some improvement in the hog-corn price ratio. For the week ended July 13 the ratio of the average price of all hogs to the price of No. 3 Yellow corn at Chicago was around 9.5. This is considerably higher than the very unfavorable ratio of 7.5 in mid-June, but it still is considerably below the long-time average of about 11.6.

Hog slaughter decreased slightly in June

The summer peak in hog slaughter apparently was reached in early June. Since then the weekly rate of hog slaughter has decreased. Federally

inspected slaughter for the month of June totaled 3,886,000 head, slightly less than the slaughter in May but about 22 percent greater than in June last year.

Marketings of packing sows have increased seasonally in recent weeks, but they have represented a little smaller proportion of total hog slaughter than a year earlier.

Storage stocks of pork increased slightly during June -
July 1 lard stocks largest on record

Cold storage holdings of pork increased about 4.5 million pounds during June, whereas ordinarily storage stocks of pork decrease during June and the other summer and early fall months. The June increase raised total storage holdings of pork on July 1 to 597 million pounds, about 100 million pounds more than on July 1 last year and 120 million pounds more than the 5-year (1935-39) average for that date.

Stocks of lard on July 1 totaled nearly 306 million pounds. They were over twice as large as on July 1 last year and were much the largest on record. The net into-storage movement for June amounted to about 22 million pounds. Since last November, when storage stocks of lard were about average, there has been an increase of about 237 million pounds in the amount of lard held in storage.

Storage holdings of pork and lard on the first of the month, average 1934-35 to 1938-39, 1938-39 and current marketing year

Month	Pork			Lard		
	Average			Average		
	1934-35	1938-39	1939-40	1934-35	1938-39	1939-40
	to			to		
	1938-39			1938-39		
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Oct.	344.6	277.2	300.2	87.6	89.9	78.8
Nov.	323.7	251.6	272.7	69.6	67.7	68.7
Dec.	378.9	299.1	332.3	71.8	74.5	89.0
Jan.	502.0	430.1	469.5	95.6	107.4	162.1
Feb.	584.6	526.4	588.6	120.5	132.1	202.2
Mar.	603.7	542.1	650.7	126.7	125.3	256.6
Apr.	580.1	523.2	652.7	129.9	129.3	268.8
May	561.3	527.2	612.0	129.1	129.5	266.1
June	515.7	520.3	592.6	129.4	139.3	283.9
July	474.7	496.8	<u>1/</u> 597.1	130.2	148.4	<u>1/</u> 305.7
Aug.	422.6	454.8		121.2	139.8	
Sept.	361.9	360.9		101.8	110.4	

1/ Preliminary.

Exports of pork reduced further in May

Exports of pork during May totaled 3.8 million pounds, about 1.2 million pounds less than in April and only about one-third as large as

exports in May last year. With few exceptions they also were the smallest for any month in many years. Most of the decrease under a year earlier occurred in shipments of cured hams and shoulders to the British market. Exports of fresh pork to Canada, which were exceptionally large during the winter, totaled only 713,000 pounds in May. This was less than one-half the quota of 1,627,000 pounds per month imposed by the Canadian Government on imports of fresh pork from the United States in late February.

Exports of lard have decreased substantially since January, but in most months of 1940 they have been near the level of a year earlier. In May, however, shipments abroad totaled only 14.9 million pounds, compared with nearly 28.0 million pounds in January and 25.3 million pounds in May last year. They were the smallest for any month in nearly 2 years.

Exports of lard to the United Kingdom during May amounted to less than 10,000 pounds, the smallest shipments of lard to that country in many years. But it was reported that the British Government had purchased 28 million pounds of lard in the United States during June. The decrease in exports of lard to the United Kingdom in recent months has been partially offset by increases in exports to Cuba, Mexico and several other Latin American countries.

Relief purchases of pork and lard

Purchases of pork and lard by the Federal Surplus Commodities Corporation for domestic relief distribution from December 1939, when the program was authorized, through June totaled approximately 241 million pounds. This includes 130.5 million pounds of lard, 44.5 million pounds of salt pork, and 66 million pounds of smoked pork. Production of pork and lard under Federal inspection (dressed weight basis) during the first 6 months of 1940 amounted to over 4 billion pounds.

CATTLE

Cattle prices advanced in late June and early July

After declining during most of May and June, prices of most grades of slaughter cattle advanced substantially in the last week of June and in the first week of July. Prices weakened a little in the second week of July but the gain was well maintained for the most part. Although the price advance was most pronounced for the upper grades of slaughter steers, the spread between the upper and lower grades remained seasonally narrower than in earlier months of this year. The average price of Good grade beef steers at Chicago for the week ended July 13 was \$10.40, about 95 cents higher than a month earlier and about \$1.10 higher than in the corresponding week of 1939. Prices of slaughter cows and heifers did not rise so much as prices of slaughter steers, and they averaged only a little higher than a year earlier in early July.

Prices of feeder cattle declined sharply during May and June, but strengthened again in early July. They remained considerably lower in relation to prices of slaughter cattle than they were 2 months earlier, however. The average price of feeder steers at Kansas City for the week ended July 12 was about \$8.60. This was about 80 cents higher than a year earlier, but it was around \$1.00 lower than the peak reached in the first week of May.

Cattle slaughter decreased sharply in June

Marketings of cattle decreased during June. Federally inspected slaughter for the month totaled only 738,000 head, about 7 percent less than in May and 5 percent less than in June last year. Inspected calf slaughter totaling 437,000 head in June was 13 percent less than a month earlier and 3 percent less than a year earlier. For the first 6 months of 1940 inspected cattle slaughter was about 2.5 percent larger than in the corresponding period of 1939, while inspected calf slaughter was not greatly different from that of a year earlier.

Cattle imports decreased somewhat in May

Imports of cattle during May totaled nearly 87,000 head, 6,000 less than in April but 23,000 head more than in May last year. In the preceding 4 months of 1940 cattle imports were considerably smaller than a year earlier. Most of the May increase over the corresponding month of 1939 occurred in light-weight (200-700 pounds), non-quota cattle from Mexico. Imports of calves also were a little larger than a year earlier but imports of cattle weighing 700 pounds and over, to which a quarterly quota applies, were a little smaller. In the first 5 months of 1940 imports of all cattle totaled 332,000 head, nearly 30 percent less than in the corresponding period of 1939, when imports of cattle were relatively large.

Cattle imports from Canada, Mexico, and all countries,
by weight groups January-May, 1936-40

Year	Canada				Mexico				All countries			
	: Less	: 200-	: 700	:	: Less	: 200-	: 700	:	: Less	: 200-	: 700	:
	: than	: 699	: lb.	: All	: than	: 699	: lb.	: All	: than	: 699	: lb.	: All
	: 200	: lb.	: and	: cattle	: 200	: lb.	: and	: cattle	: 200	: lb.	: and	: cattle
	: lb.	: 2/	: over	:	: lb.	: 2/	: over	:	: lb.	: 2/	: over	:
	: 1/	:	: 3/	:	: 1/	:	: 3/	:	: 1/	:	: 3/	:
	: Thou-	Thou-	Thou-	Thou-	Thou-	Thou-	Thou-	Thou-	Thou-	Thou-	Thou-	Thou-
	: sands	sands	sands	sands	sands	sands	sands	sands	sands	sands	sands	sands
Jan.-:												
May:												
1936 :	20	8	90	123	1	94	19	114	20	103	109	238
1937 :	43	4	74	126	1	122	23	145	43	126	96	272
1938 :	23	2	21	51	2	152	25	178	24	154	46	229
1939 :	36	2	86	131	27	269	37	333	64	271	123	464
1940 :	33	2	53	93	24	189	25	238	57	191	78	332

Compiled from reports of the United States Department of Commerce.

1/ Less than 175 pounds prior to 1939.

2/ 175-699 pounds prior to 1939.

3/ Exclusive of cattle imported for dairy purposes.

LAMBS

Lamb prices declined during
June and early July

Prices of slaughter lambs declined seasonally during June and early July but remained above prices of a year earlier. The average price of Good and Choice spring lambs at Chicago for the week ended July 13 was \$10.15, about \$1.05 lower than in the first week of June but about 65 cents higher than in the corresponding week of 1939. Prices of yearling (shorn) lambs in early July were around 50 cents higher than a year earlier.

Total inspected slaughter of sheep and lambs in the first half of 1940 was not greatly different from that of a year earlier, but lamb prices averaged substantially higher for the period than in the first 6 months of 1939, largely because of a stronger consumer demand for meats and higher prices of wool this year than last.

Slaughter of sheep and lambs
decreased slightly in June

Inspected slaughter of sheep and lambs totaled 1,378,000 head during June. This was about 3 percent less than in May and about 2 percent less than in June last year. A larger proportion of the lambs marketed during June were in slaughter condition than a year earlier and a smaller number were marketed as feeders.

DOMESTIC DEMAND FOR MEATS

The domestic demand outlook for meats during the last half of 1940 now appears favorable. Although it is possible that developments in the European situation may react unfavorably upon industrial and business conditions in this country during the next few months, other factors affecting consumers' incomes eventually are expected to more than offset the unfavorable effects of possible foreign developments. Of particular importance is the increase in defense expenditures of the Federal Government. Present indications are that the domestic demand for farm products will be better during the remainder of 1940 than in either the last half of 1939 or the first half of 1940.

During the first half of 1940 consumer demand was a little stronger than in the first 6 months of 1939. This is a reflection of the increases in industrial activity and employment and other factors which enhance aggregate incomes of consumers. Supplies of meat available for consumers thus far in 1940 have been much larger than a year earlier, while retail prices of meats have been fairly well maintained. In the first 5 months of 1940 total consumption of Federally inspected meats, including lard, was about 15 percent greater than in the corresponding months of 1939, with much the largest increase in pork and lard. Retail prices of hog products at New York in the first 5 months of 1940 averaged 17 percent lower than in the January-May period of 1939. Retail prices of good grade steer beef were 5 percent lower and retail prices of lamb were 2 percent lower.

JULY 1 OUTLOOK FOR FEED FOR LIVESTOCK

July 1 conditions indicate that 1940-41 supplies of feed grains and forages will be ample for the number of livestock to be fed. The size of the corn crop is still largely dependent upon weather conditions during the next few weeks, but the condition of the crop on July 1 indicated that production will be about 2,416,000,000 bushels, which together with the prospective carry-over, probably will give a supply of between 3.0 and 3.1 billion bushels. The 1940-41 oat supply is now indicated to be 1,178,000,000 bushels and 1940-41 barley supply 345,000,000 bushels. An estimate has not yet been made of the 1940 crop of grain sorghums, but if yields are about average, the total supply of these four feed grains at the beginning of each of the marketing years 1/ will approximate 116,000,000 tons. This compares with 117,000,000 tons last year, and with the exception of last year, it would be the largest supply since 1932-33. The prospective supply of feed grains for 1940-41, excluding corn under seal or held by the Government on October 1, is about 103,000,000 tons, about 6 percent less than the 1939-40 supply, exclusive of corn under seal and held by the Government. The total number of livestock, in terms of grain-consuming animal units, in 1940-41 may be about 4 percent smaller than in the current year.

Prospects are unusually favorable for 1940-41 supplies of forage crops. The indicated production of tame and wild hay combined on July 1 was 94,163,000 tons, which together with the May 1 carry-over of hay gives a total supply of a little over 105,000,000 tons. This would be the largest supply since 1927 and would be more than adequate for the number of hay-consuming animal units on farms.

Pasture conditions also were unusually favorable on July 1, with the condition for the country as a whole 83 percent of normal, compared with 78 percent of normal last year, and 73 percent of normal for the 1929-38 average. Although dry weather was reported over a considerable area of the Range States during June, available range feed continued abundant and above average for this time of year. Unless severe drought conditions should develop in the Range States, feed conditions are not likely to become unfavorable in that area this year.

HOG OUTLOOK - 1940-41

BACKGROUND.- Hog production increased sharply in 1938 and 1939, after having been held at a very low level from 1935 through 1937. The 1939 pig crop was the largest in the 16 years of record. It was 19 percent larger than the 1938 crop and about 50 percent greater than the small crop of 1935. The marked increase in the number of pigs raised in 1939 has been reflected in much larger hog marketings in 1939-40 than in any of the past 5 years.

1/ July 1 for oats and barley, October 1 for corn.

1940 spring pig crop down 8 percent

The number of pigs saved in the spring of 1940 totaled about 48 million head, a decrease of 4.3 million head, or 8 percent, from the number saved in the spring of 1939. Decreases from a year earlier were reported in all regions, with the largest percentage reductions in the South.

Spring pig crop, average 1929-33, annual 1939-40

Region	Pigs saved, total			:1940 as a : Pigs saved per		
	Average	1939	1940	percentage:	litter	
	1929-33			of 1939	1939	1940
	:1,000 head	1,000 head	1,000 head	Percent	Number	Number
East North Central	11,917	13,399	13,274	99	6.31	6.15
West North Central	29,485	24,696	22,927	93	6.16	6.11
North Central	41,402	38,095	36,201	95	6.21	6.13
North Atlantic	695	921	842	91	6.14	6.08
South Atlantic	2,671	3,893	3,148	81	5.86	5.59
South Central	5,049	7,449	5,966	80	5.77	5.50
Western	1,840	1,985	1,850	93	6.24	6.18
United States ...	51,657	52,343	48,007	92	6.12	6.01

Agricultural Marketing Service.

On the basis of breeding intentions reported by farmers about June 1 and other indications, the number of sows to farrow next fall is estimated to be about 12 percent smaller than the number farrowing in the fall of 1939. This indicates a fall pig crop of about 27.8 million head compared with about 32 million head in the fall of 1939. The combined spring and fall pig crops of 1940 are expected to total about 75.8 million head compared with the 1939 crop of 84.3 million head. This is a decrease of 8.5 million head, or 10 percent.

Sows farrowed in spring and fall seasons, 1939-40

Region	Spring		Fall		:1940 as a :percentage of 1939
	1939	1940	1939	1940	
	Thousands	Thousands	Thousands	Thousands	
					Percent
East North Central ..	2,123	2,157	1,529	1,471	96
West North Central ..	4,007	3,751	1,526	1,365	89
North Central	6,130	5,908	3,055	2,836	93
North Atlantic	149	139	136	120	87
South Atlantic	663	563	536	436	81
South Central	1,292	1,085	1,111	899	81
Western	319	300	244	205	84
United States	8,553	7,995	5,082	4,496	88

Agricultural Marketing Service.

On the basis of the relationship of changes in the pig crop and changes in slaughter in previous years, the number of hogs slaughtered under Federal inspection in the 1940-41 marketing year, which begins October 1, probably will total 43 to 44 million head. This will mean a decrease of about 10 percent from the 48 million head slaughtered in the present marketing year (1939-40). A slaughter of 43 or 44 million head will be considerably larger than in all years since 1933-34, except 1938-39, but it will be a little smaller than the pre-drought average of 45 to 46 million head.

A large part, perhaps nearly all, of the decrease in hog marketings in 1940-41 from a year earlier probably will occur after November or December 1940. With corn prices high in relation to hog prices, many farmers will market spring pigs early, and a larger than usual proportion of the spring pig crop probably will be marketed before January 1. This may mean that hog marketings in the first quarter (October-December) of the 1940-41 marketing year will be about as large as in the first quarter of 1939-40.

Average weights of hogs marketed in the past 3 years have been heavy, but in recent months, average weights have been lighter than a year earlier. This tendency for lighter weights may continue well into the 1940-41 marketing year.

Seasonal changes in marketings

Hog marketings probably will continue at seasonally reduced levels, but in larger volume than a year earlier, during the remainder of the 1939-40 marketing year (through September). According to the June 1 pig crop report, the number of hogs on farms over 6 months old on June 1 was 13 percent larger than a year earlier. This probably will mean larger marketings than last year until October.

Marketings will begin to increase seasonally after August as spring pigs begin to be marketed in large volume. Although marketings in the first quarter (October-December) of the 1940-41 marketing year are expected to be about as large as those of a year earlier, the seasonal increase in marketings from September through December may not be so large as in 1939. In view of the decrease in the 1940 spring pig crop and the prospect that spring pigs will be marketed relatively early, the seasonal reduction in marketings in the late winter of next year is expected to be large.

Higher prices expected in 1940-41

Present indications are that consumer demand in the last half of 1940 will average stronger than in the last half of 1939. In view of the expansion in certain lines of industrial activity which will result from the defense program, it may be that demand for hog products on the part of United States consumers will be well maintained and perhaps increase further in the first half of 1941. Export demand for United States pork and lard does not promise to be any better if as good in 1940-41 as in 1939-40.

With prospects for consumer demand for hog products to be well maintained in 1940-41 and for a material decrease in hog marketings, prices of hogs in the 1940-41 marketing year should average substantially higher than

in 1939-40. The average price received by farmers for hogs in 1939-40 will be about \$5.50.

A seasonal decline in hog prices is expected after August or September as marketings increase. Storage demand, however, will be stronger next fall and winter than a year earlier. Consequently, hog prices are not likely to drop to levels so low as those reached last winter, and prices throughout most of 1940-41 will be higher than in the corresponding period of 1939-40.

1941 pig crops

The number of pigs raised in 1941 will depend to some extent upon the outcome of the 1940 corn crop. Assuming that the corn loan program will be continued in 1940-41 in something like its present form and that the 1940 corn crop is about average, it seems probable that ratio of hog prices to corn prices will continue unfavorable for hog production well into 1941. The ratio, however, may be less unfavorable than in the past 6 months. In view of these considerations a further moderate decrease in the number of pigs raised seems probable for 1941. At least, no increase is likely to occur before the fall of 1941.

Despite the prospects for a lower level of hog slaughter in 1941 and 1942 than in 1940, total meat production is likely to continue near the high level of the present year. Cattle slaughter may increase somewhat in the next few years - at least no decrease is in prospect. Production of soybean oil - an important competitor of lard - is expected to be larger in 1940-41 than in 1939-40.

OUTLOOK - BEEF CATTLE

BACKGROUND.- From early 1934 to early 1938 the total number of cattle and calves in the United States was reduced from 74.3 million to 66.1 million head. This sharp decrease resulted chiefly from the effects of the severe droughts of 1934 and 1936. During this period when numbers were being curtailed, slaughter of cattle and calves was relatively large. With the return of more favorable feed and pasture conditions and with cattle prices high in relation to prices of other farm products, cattle numbers increased in 1938 and 1939. On January 1, 1940 the number of cattle and calves on farms and ranches was 2.7 million head larger than on January 1, 1938. In the past 2 years, when numbers have been increasing, cattle slaughter has been reduced moderately.

Little change in cattle marketings

The most important features in the cattle outlook for the last half of 1940 are the prospects for about the same, or slightly smaller, total live weight of cattle marketed for slaughter and a stronger consumer demand for meats than in the last half of 1939. The general level of prices of slaughter cattle in the last 6 months of this year probably will be higher than a year earlier. Prices of stocker and feeder cattle, on the other hand, may be no higher than those of last year.

As indicated in the June issue of the Livestock Situation, marketings of cows and heifers are expected to continue substantially smaller than a year earlier during the remainder of this year. Feed and pasture conditions in most areas are reasonably favorable, and the tendency to hold back breeding stock to increase numbers, which has been pronounced in the last year, probably will continue.

Total marketings of steers for slaughter are expected to be larger than a year earlier during the remainder of 1940. A large proportion of steers marketed are cattle finished on grain. The movement of stocker and feeder cattle into the Corn Belt in the past 6 months has been somewhat smaller than a year earlier. This and other information indicate that the number of cattle placed on feed in recent months has been smaller than in the corresponding period of last year. Thus, while the number of cattle on feed continues relatively large, the number may now be no greater than a year earlier. Consequently, the increase in marketings of steers for slaughter in the last half of 1940 over a year earlier may be smaller than in the first half of 1940. In the first 5 months of this year steer slaughter under Federal inspection was the second largest in the 18 years of record.

Feeder demand may not be so strong as a year earlier

The demand for feeder cattle and for breeding stock probably will be strong during the last half of this year, unless severe drought develops over large areas. The demand, however, may not be so strong as it was last year. Feed supplies, on basis of conditions reported on July 1, will again be large. A record hay crop is in prospect, but the total supply of feed grains may be no larger than the 1939-40 supply. Present indications are for an 8 percent smaller corn crop, with a larger production of oats and barley. The quantity of corn held under seal and held by the Federal Government will be much larger this fall than last, and the total supply of feed grains, excluding loan corn in 1940-41, will be smaller than the 1939-40 supply. This along with higher corn prices may result in a little weaker demand for feeder cattle this fall than last.

OUTLOOK - SHEEP AND LAMBS

BACKGROUND.- Sheep and lamb slaughters and numbers of sheep and lambs on farms and ranches for the country as a whole have not fluctuated much during the past 5 years. The 1939 lamb crop was a little smaller than the record crop of 1938. Slaughter of sheep and lambs in the 1939-40 lamb marketing year (May-April) was about 3 percent smaller than the slaughter in 1938-39. Sheep and lamb prices also have fluctuated somewhat less than the prices of other livestock in recent years. Prices of lambs in 1939-40 averaged somewhat higher than in 1938-39 chiefly because of improvement in consumer demand for meats and higher prices for wool and pelts from slaughter lambs.

Larger slaughter expected this summer and fall

Present indications are that slaughter supplies of sheep and lambs during the remainder of the grass-lamb marketing season, to December 1, will

be larger than a year earlier. The late lamb crop in the Western States has developed well and probably is larger than that of last year. In addition, a larger proportion of late lambs will be in slaughter condition than last summer and fall, when dry weather and short range feed resulted in a larger than usual proportion of lambs being in only feeder flesh at the end of the summer.

The early lamb crop in the Native Sheep States developed slowly as a result of unfavorable spring weather, and a larger than usual proportion of Native lambs will be marketed after July 1 this year.

Prices of lambs may continue
higher than a year earlier

Although marketings of lambs for slaughter are expected to be larger than a year earlier during the remainder of 1940, the effect of the larger supplies upon prices will be offset or more than offset by the stronger consumer demand for meats.

In June last year Good and Choice slaughter lambs at Chicago averaged about \$10, but by August they had declined to an average of about \$8.75. In September prices advanced, and a level of \$9 to \$9.50 was held through October and November. In June this year Good and Choice slaughter lambs averaged about \$11, but in early July they were about \$10.50. Even with some further seasonal decline in prices in the next month or two, it is unlikely that prices will drop to the low level of last August, and in the fall months they probably will average as high as or higher than a year earlier.

THE WOOL SITUATION

An increase in domestic mill consumption of wool is in prospect for the second half of this year. This will be a strengthening influence on domestic wool prices. The increase in mill consumption is expected to result from larger Government purchases of wool goods under the National Defense Program, from improvement in incomes of consumers, and from increased retail sales of wool goods. But price changes in coming months will depend largely upon foreign developments.

After declining sharply from October through April, domestic mill consumption of apparel wool turned upward in May. The May rate of consumption was 22 percent higher than in April, but 16 percent lower than in May 1939. Consumption on a scoured basis, in the first 5 months of this year was 7 percent smaller than in the same months last year, but about 7 percent larger than average January-May consumption in the 10 years 1929-38.

Domestic wool prices advanced 1 to 5 cents a pound, grease basis, at Boston in June. The advance in prices accompanied increased mill buying of raw wool to fill Government contracts for wool cloth and blankets. Average prices at Boston in June were mostly 25 to 30 percent higher than a year earlier.

Recent European developments have considerably altered the situation in South American wool markets. With most continental European countries now included in the British blockade, the United States, Japan and possibly the United Kingdom are likely to be the only important buyers of South American wool, so long as the blockade is maintained. About half of the exports from Argentina and Uruguay usually are shipped to continental European countries.

Supplies of wool remaining for export in Argentina and Uruguay on June 1, totaling 115 to 120 million pounds, were smaller than estimated average June 1 supplies of the last 5 years. But recent European developments probably will prevent further shipments to continental European countries in the remainder of the current season. Hence, the carry-over on September 30 may exceed the 5-year (1935-39) average of about 32 million pounds.

Sales have been small in South American markets since the German invasion of western Europe. The decline in sales was accompanied by a drop in prices of most grades of wool in Argentina.

Supplies of hogs and hog products, specified periods

Item	Unit	Oct.-Sept.					Oct.-May		
		May	Apr.	May	Av.				
		1939	1940	1940	1928-29	1937-	1938-	1938-	1939-
					to	38	39	39	40
					1932-33				
Hog slaughter under Federal inspection:	Thou-								
No. slaughtered <u>1/</u>	sands	3,416	3,610	3,890	46,363	34,580	39,720	28,080	34,333
Live weight:									
Average	Pound	236	231	233	231	234	234	230	231
Total	Mil.lb.	806	833	907	10,723	8,089	9,311	6,452	7,936
Total dressed weight :	" "	605	623	676	8,069	6,046	6,975	4,838	5,931
Yield of lard per 100:									
pounds live weight :									
of hogs	Pound	13.3	14.0	14.0	15.2	12.4	13.3	13.2	14.0
Production of lard ..	Mil.lb.	107	117	127	1,630	1,002	1,232	851	1,112
Exports: <u>2/</u>									
Fork	Mil.lb.	12	5	4	211	89	125	74	101
Lard	" "	25	19	15	657	208	270	174	171
Imports of pork <u>2/</u>	" "	5	<u>3/</u>	1	6	57	50	34	6
Proportion of sows in inspected slaughter <u>4/</u> :	Pct.	49.9	48.2	50.6	51.2	49.9	49.3	45.4	47.1

Compiled from reports of Agricultural Marketing Service, except as specified.
1/ Bureau of Animal Industry. 2/ United States Department of Commerce. Pork includes bacon, hams and shoulders, and fresh, canned and pickled pork. Lard includes neutral lard. 3/ Less than 500,000 pounds. 4/ Includes gilts.

Prices of hogs and hog products, specified periods

Item	Unit	Oct.-Sept.					Oct.-June		
		June	May	June	Av.				
		1939	1940	1940	1928-29	1937-	1938-	1938-	1939-
					to	38	39	39	40
					1932-33				
Av. price, all purchases:	Dol. per:								
Seven markets	100 lb.	6.08	5.42	4.83	<u>1/</u>	8.33	6.85	7.09	5.36
Chicago	" "	6.34	5.59	5.98	6.99	8.47	7.00	7.24	5.52
Av. price of barrows and gilts, Chicago	" "	6.63	5.70	5.17	<u>1/</u>	8.76	7.23	7.34	5.62
U.S. average price received by farmers	" "	5.96	5.35	4.82	6.48	8.07	6.70	6.85	5.28
Av. price of No. 3 Yellow corn, Chicago	Ct. per:	bu.	51	69	66	62	57	49	58
Hog-corn price ratio:									
Chicago <u>2/</u>	Bu.	12.4	8.1	7.6	11.6	14.8	14.4	14.9	9.7
No. Central States	Bu.	13.5	9.2	8.1	12.9	17.6	16.6	17.3	10.7
Proportion of packing sows in total packer and shipper purchases, seven markets <u>3/</u> :	Pct.	22.0	8.0	18.0	<u>1/</u>	13.0	13.0	8.0	8.0
Av. weight at seven markets ..	Pound	259	243	249	<u>1/</u>	246	247	242	241

Compiled from reports of Agricultural Marketing Service.
1/ Not available. 2/ Number of bushels of corn equivalent in value to 100 pounds of live hogs. 3/ Monthly figures computed from weekly averages.

Slaughter and market supplies of cattle and calves,
specified periods

Item	Unit	Year		Month			
		Average	1939	1939		1940	
		1924-33		May	June	Apr.	May
Slaughter under Federal in- spection:							
Number slaughtered:	Thou-						
Cattle 1/	sands	8,850	9,446	814	778	774	796
Calves 1/	"	4,819	5,264	509	448	480	501
Cows and heifers 2/	"	4,181	4,446	371	333	304	313
Steers 2/	"	4,340	4,588	402	407	440	448
Average live weight:							
Cattle	Pounds	953	943	936	930	953	945
Calves	"	176	191	180	189	163	169
Total dressed weight:							
Cattle	Mil.lb.	4,532	4,803	415	397	409	418
Calves	" "	487	559	51	47	45	49
Inspected shipments: 1/	Thou-						
Feeder cattle and calves	sands	2,894	3,173	173	150	156	166
Imports:							
Cattle 3/	"	253	764	63	27	93	87
Canned beef 4/	Mil.lb.	5/ 36	86	11	8	4	9

Compiled from reports of Agricultural Marketing Service, except as specified.
 1/ Bureau of Animal Industry. 2/ Also included in cattle slaughter. 3/ United States Department of Commerce. General imports prior to 1934; beginning January 1, 1934, imports for consumption. 4/ United States Department of Commerce. Imports for consumption. 5/ Figures include "other canned meats" prior to 1929.

Price per 100 pounds of cattle and calves, June 1940, with comparisons

Item	June	June	June	Apr.	May	June
	average:	1938	1939	1940	1940	1940
	1924-33:					
Beef steers sold out of first hands at Chicago:	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Choice and Prime	10.83	10.06	10.03	11.47	10.69	10.31
Good	10.10	9.15	9.29	10.01	9.92	9.57
Medium	9.23	8.27	8.54	8.72	9.05	8.84
Common	7.96	7.18	7.67	7.73	8.22	7.69
All grades	9.87	9.50	9.22	9.46	9.83	9.69
Cows, Chicago:						
Good	1/ 7.07	7.12	7.15	7.34	7.48	7.55
Low Cutter and Cutter	2/ 4.19	4.79	5.19	3/ 5.12	3/ 5.20	3/ 5.22
Vealers, Chicago:						
Good and Choice	9.93	8.50	9.03	9.96	10.95	9.51
Stocker and feeder steers, Kansas City:						
Average price, all weights ..	4/ 7.49	7.51	7.94	9.06	9.18	8.05
Average price paid by packers::						
All cattle	8.01	7.32	7.77	7.96	8.30	
Steers	5/ 8.68	8.89	8.96	9.36		
Calves	8.78	7.58	8.16	8.87	9.38	

Compiled from reports of Agricultural Marketing Service. 1/ Good and Choice, 1924-27. 2/ Canner and cutter, 1924-June 1926. 3/ Average of Cutter and Common, and Canner. 4/ Average 1925-33. 5/ Not available.

Supplies of sheep and lambs, specified periods

Item	Unit	Year		Month						
		Av.		Av. 1924-33	1939		1939-40			
		1924	1939	May	June	May	June	Apr.	May	June
		-33								
Slaughter under										
Federal inspection										
Sheep and lambs:										
Number slaugh-	Thou-									
tered 1/	sands	14,737	17,241	1,192	1,216	1,392	1,401	1,355	1,420	1,378
Average live										
weight	Pound	81	86	80	75	84	79	89	83	
Average dressed										
weight	do.	39	40	38	37	40	38	42	40	
Total dressed										
weight	Mil.lb.	569	694	46	45	55	53	57	57	
Lambs and yearlings:	Thou-									
Number slaughtered	sands	13,678	16,137	1,021	1,125	1,292	1,316	1,295	1,319	
Percentage of total:										
sheep and lambs ..	Percent	92.8	93.6	90.7	92.5	92.8	93.9	95.6	92.9	

Compiled from reports of Agricultural Marketing Service, except as specified.
1/ Bureau of Animal Industry.

Prices per 100 pounds of sheep and lambs, by months, April -
June 1938-40

Item	1938			1939			1940		
	Apr.	May	June	Apr.	May	June	Apr.	May	June
Slaughter lambs,	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Chicago:									
Good and choice 1/ ..	7.91	2/7.10	3/9.08	9.98	2/8.75	3/9.94	10.39	2/9.54	3/10.94
Slaughter ewes,									
Chicago:									
Common and medium ...	3.41	2.69	2.59	4.30	3.00	2.14	3.78	3.22	3.00
Feeding lambs, Omaha ..									
Good and choice	7.21	-	6.97	-	-	-	-	-	8.77
Average price paid									
by packers:									
Sheep and lambs	7.91	7.37	7.77	9.19	8.94	8.69	9.47	9.04	
Average price re-									
ceived by farmers:									
Sheep	3.90	3.59	3.43	4.19	3.94	3.67	4.15	4.02	3.81
Lambs	7.23	6.90	6.84	7.88	8.02	7.49	8.14	8.25	8.12

Compiled from reports of Agricultural Marketing Service. 1/ Lots averaging within top half of good grade. 2/ Shorn basis. 3/ Spring lambs.

Index numbers of income of industrial workers, and cash
income from meat animals, specified periods.

Item	Calendar year		Jan.-May		May		
	1938	1939	1939	1940	1939	1940	1940
Income of industrial workers							
(1924-29=100)	73	83	78	88	75	86	1/ 87
Cash farm income from meat animals:							
(1924-29=100) 2/	78	81	81	84	90	88	1/ 92

1/ Preliminary.

